

To: Kent Pension Board – 24 November 2022

From: Chairman – Kent Pension Board  
Corporate Director of Finance

Subject: Fund Employer and Governance Matters

Classification: Unrestricted

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### **Summary:**

This report provides an update on Fund employers, Kent Institute of Art and Design, Sevenoaks Leisure Ltd, Deep Beat Entertainment Ltd, the Funding Strategy Statement and information on employers with five or less active LGPS members. It also provides an update on the government's academy guarantee and admission matters.

### **Recommendation:**

The Board is recommended to note the report.

### **FOR INFORMATION**

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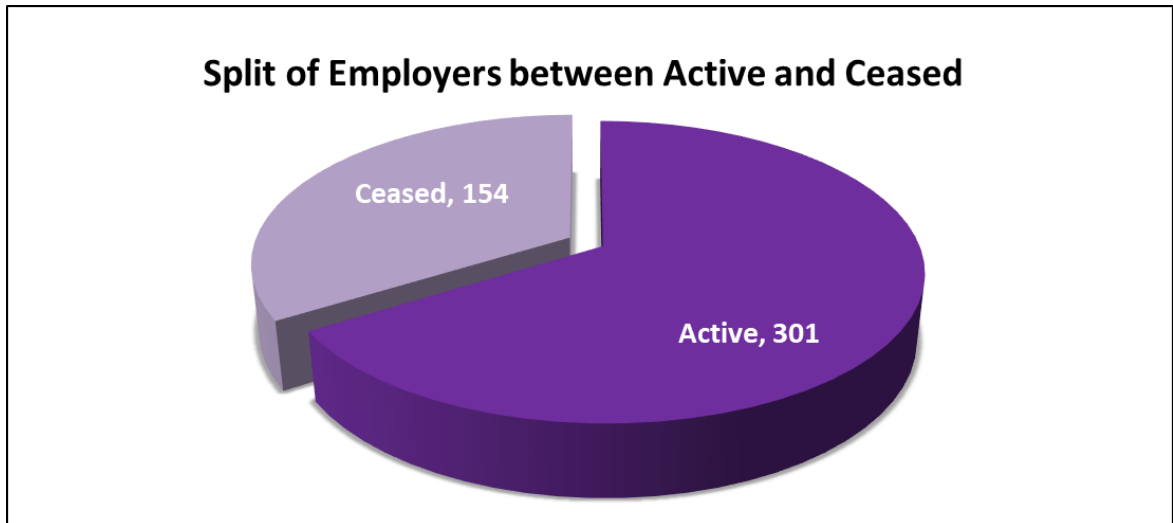
#### **1. Introduction**

- 1.1 This report provides information on Fund employers for the year ending 31 March 2022 and for the first 6 months of the current financial year (the quarter ending 30 September 2022).
- 1.2 It also provides information on Kent Institute of Art and Design, Sevenoaks Leisure Ltd, Deep Beat Entertainment Ltd, the Funding Strategy Statement and information on employers with five or less active LGPS members as well as an update on the government's academy guarantee and admission matters.

#### **2. Employer Update for the 12 months to 31 March 2022**

- 2.1 The following employer information was considered by the Committee at their meeting on 28 September 2022.
- 2.2 At 31 March 2022 there were 455 employers in the Kent Pension Fund. We have previously separately reported KCC schools where they have individually contracted with payroll providers. The numbers now being reported for KCC align with those included in the Fund's annual report and reflect their status as part of KCC. The ceased employers include both those that have ceased to have active members but for whom the termination process is incomplete, and those that no longer have active contributing

members in the LGPS and for whom the Fund has an existing or future liability to pay any pensions.



2.3 The following table lists employers who joined the Fund as well as those who ceased to have active members in the Fund during the 12 months to 31 March 2022.

New Employers	Effective Date
<b><i>Admission Bodies</i></b>	
Churchill Contract Services Ltd (re Thinking Schools Academy Trust)	1 September 2019 (backdated admission)
Cleantec Services Ltd (re Dartford Grammar School for Girls Academy)	1 October 2019 (backdated admission)
<b><i>Scheduled Bodies</i></b>	
Canterbury Environment Company Ltd	1 February 2021 (backdated)
Kite College	1 May 2021 (backdated)
<b><i>Academy Trusts</i></b>	
Inspire Trust	1 April 2021

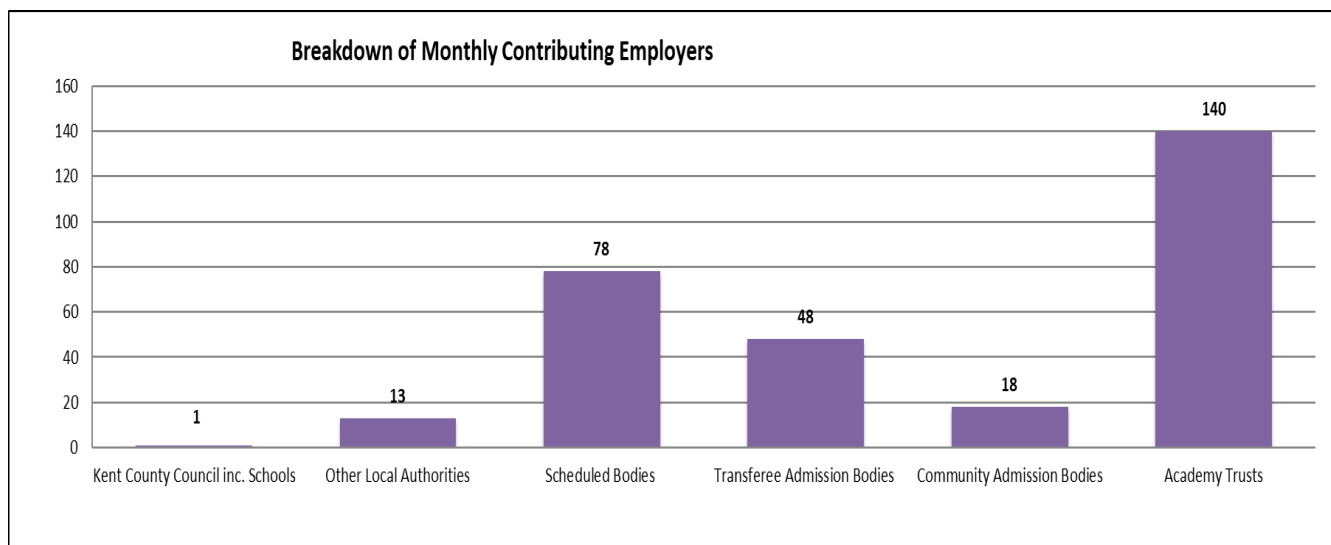
<b>Ceased / Merged to Trust Employers</b>	<b>Effective Date</b>
<b><i>Admission Bodies</i></b>	
Kent College Canterbury	31 January 2021 (late notification of last active member leaving)
Rochester Care Homes Ltd	31 March 2021
Deep Beat Entertainment Ltd (Medway Park)	18 May 2021
Deep Beat Entertainment Ltd (Strood)	18 May 2021
Busy Bee Cleaning Services Ltd	31 July 2021
Tascor Services Ltd	28 January 2022
<b><i>Academy Trusts</i></b>	
Village Academy Trust	31 May 2021
Brook Learning Trust	31 August 2021
Castle Academy Trust	31 December 2021
Cliffe Woods Primary School Trust	31 December 2021
<b><i>Scheduled Bodies</i></b>	
Kent Magistrates Courts Committee	31 March 2021
Farningham Parish Council	30 November 2020 (late reporting to Committee)

2.4 In the 12 months to March 2022 the Fund received £271.8m from employers in respect of their monthly contributions (employer and employee) as follows:

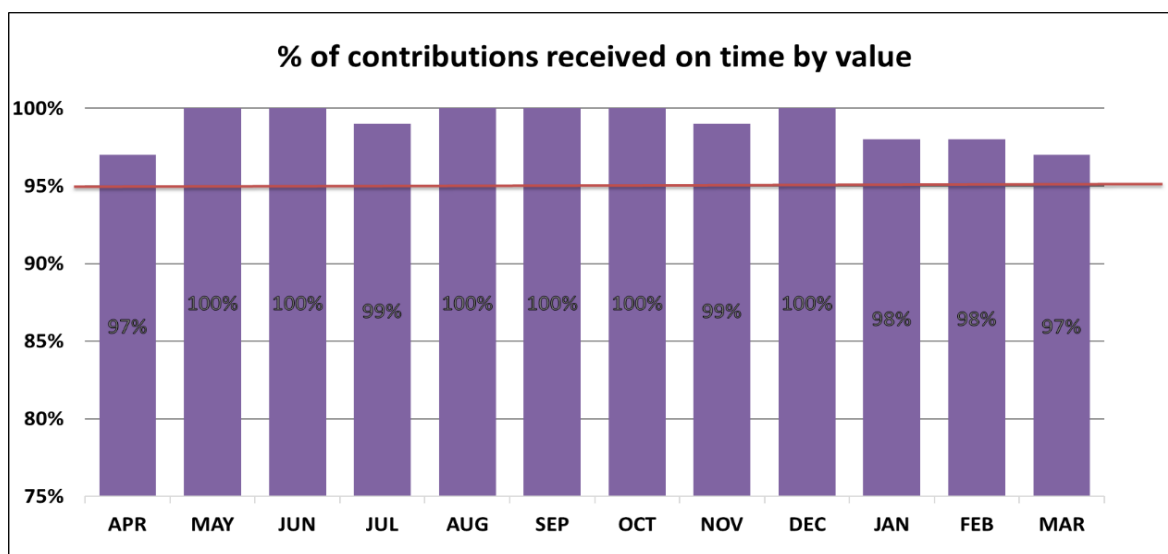
	<b>Received Early</b>	<b>Cash on 19th</b>	<b>Received Late</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
April	12,837,382	8,765,672	588,584	22,191,638
May	12,281,627	9,762,070	60,340	22,104,037
June	12,722,129	9,642,137	76,147	22,440,413
July	13,285,609	8,791,062	224,541	22,301,212
August	12,747,650	9,592,330	38,343	22,378,323
September	13,048,730	9,111,031	27,175	22,186,936
October	13,845,594	8,590,553	21,743	22,457,890
November	13,195,251	9,662,220	119,552	22,977,023
December	13,861,455	9,767,618	56,483	23,685,556

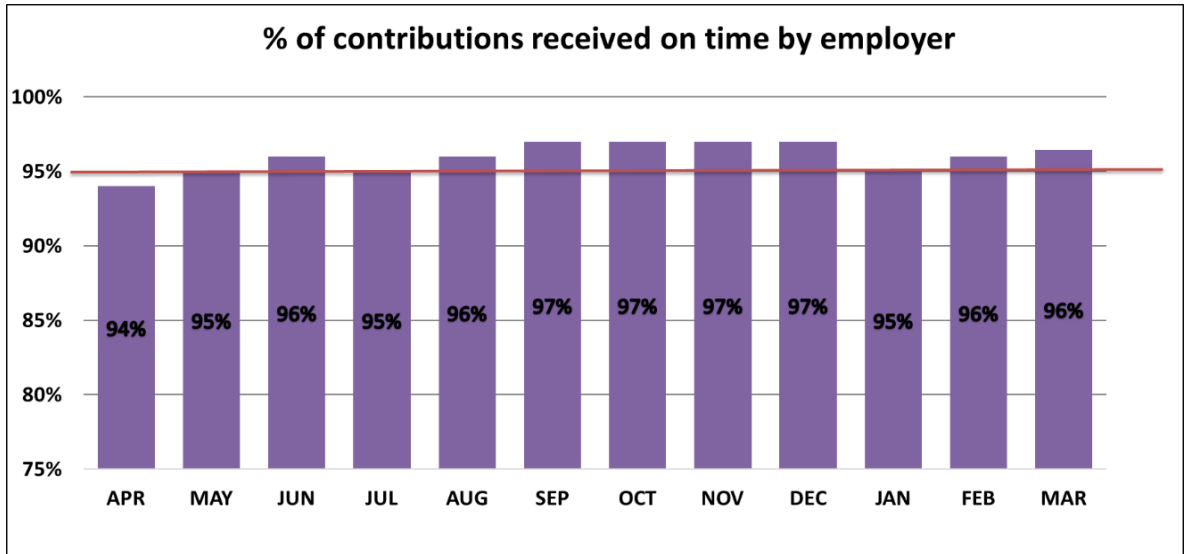
January	12,126,632	10,116,735	480,348	22,723,715
February	12,573,925	9,830,030	511,856	22,915,811
March	13,171,337	9,501,051	748,856	23,421,244
<b>Total</b>	<b>155,697,321</b>	<b>113,132,509</b>	<b>2,953,968</b>	<b>271,783,798</b>

2.5 The following table shows employers from whom the Fund receives monthly contributions by Employer Group.



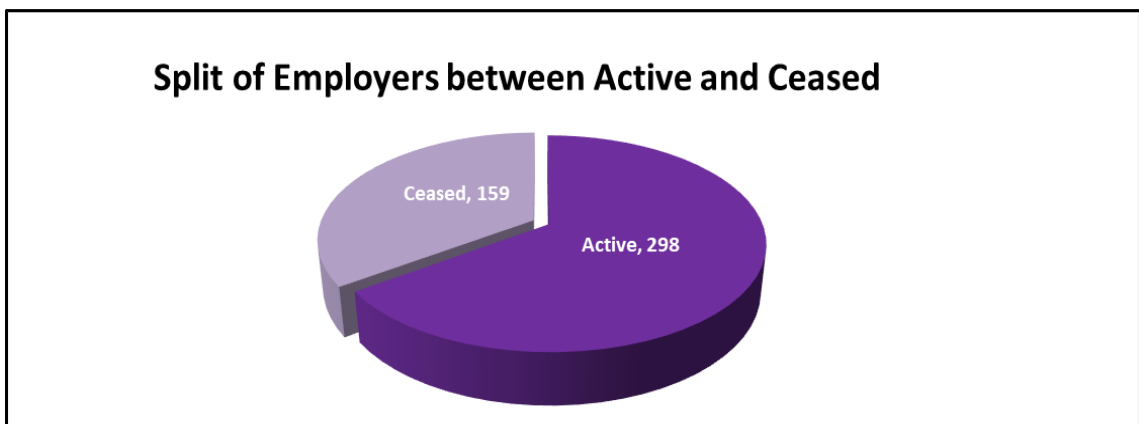
2.6 Officers continue to monitor the receipt of these contributions and the following two charts show the % of employer contributions received on time by two different measures; by value and by number of employers. Both Key Performance Indicators (KPIs) have been achieved in all months presented with one exception: the KPI of 95% for % of contributions received on time by employer was not achieved in April 2021. However this is explained by backdated admissions and some parish councils having issues with their banking arrangements.





### 3. Employer Update for the 6 months to 30 September 2022

3.1 There were 457 employers in the Kent Pension Fund on 30 September 2022, an increase of 2 from 31 March 2022. During the 6 months, 8 new employers joined, and 6 Academies merged into multi academy trusts. In addition, 5 employers changed from being active to ceased although this does not affect the overall number of 457.



3.2 The following table lists employers who joined the Fund as well as those who ceased to have active members in the Fund during the 6 months to 30 September 2022.

<b>New Employers</b>	<b>Effective Date</b>
<b>Admission Bodies</b>	
Olive Dining	1 May 2019 (backdated admission)
Independent Catering Management Ltd (re Robert Napier Fort Pitt Thomas Aveling Academies)	1 August 2020 (backdated admission)
Pabulum Limited -Tenterden Schools Trust	1 December 2020 (backdated admission)
Town and County Cleaners Ltd (re The Stour Academy Trust)	1 August 2021 (backdated admission)
<b>Scheduled Bodies</b>	
Leybourne Parish Council	1 September 2021 (backdated resolution)
<b>Academy Trusts</b>	
Hornchurch Academy Trust	1 July 2022
Bourne Alliance Trust	1 September 2022
Character Education Trust	1 September 2022

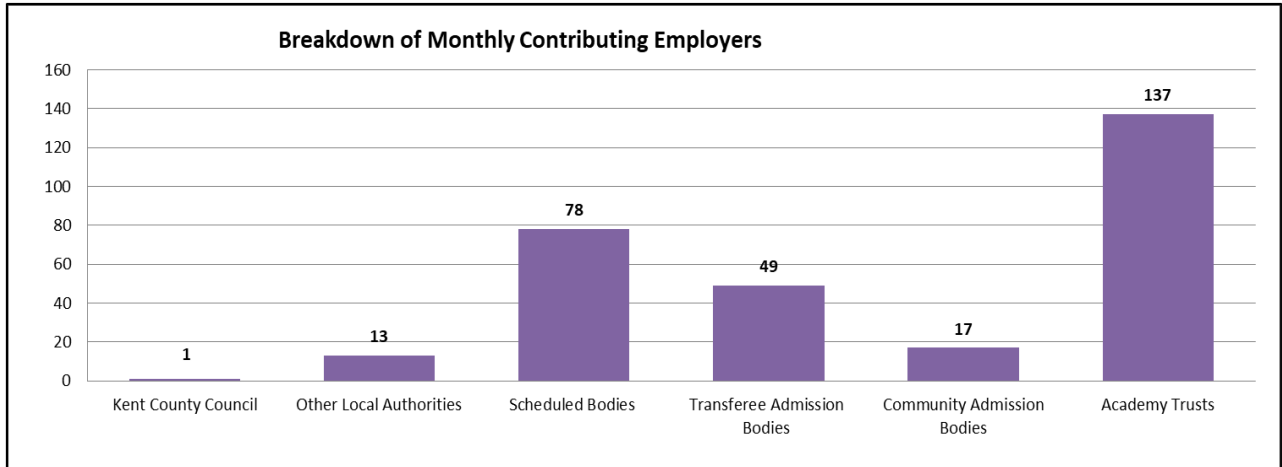
<b>Ceased Employers</b>	<b>Effective Date</b>
<b>Admission Bodies</b>	
Olive Dining	31 October 2020 (backdated admission)
Capita Managed IT Solutions (St Georges School)	31 March 2022
Orbit Housing Association Limited	30 June 2022
Nourish Contract Catering Limited (re Stour)	31 July 2022
<b>Scheduled Bodies</b>	
Higham Parish Council	5 October 2021

3.3 In the 6 months to 30 September 2022 the Fund received £141.9m from employers in respect of their monthly contributions (employer and employee) as follows:

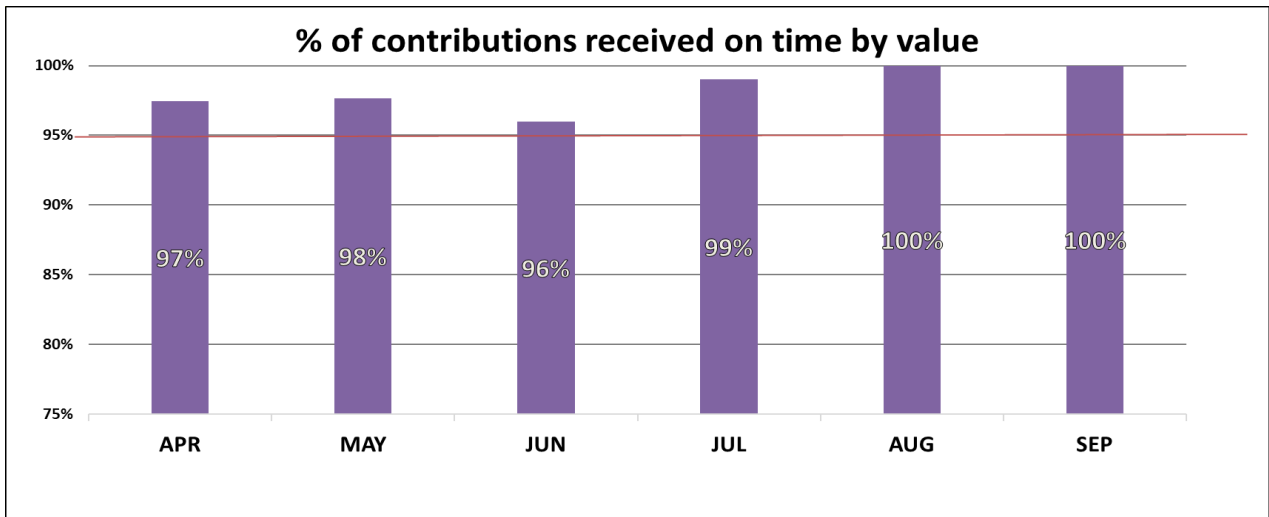
	<b>Received Early</b>	<b>Cash on 19th</b>	<b>Received Late</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
April	14,004,162	9,506,182	611,160	24,121,504
May	13,993,237	9,213,109	553,545	23,759,891
June	14,127,647	9,108,759	973,870	24,210,276

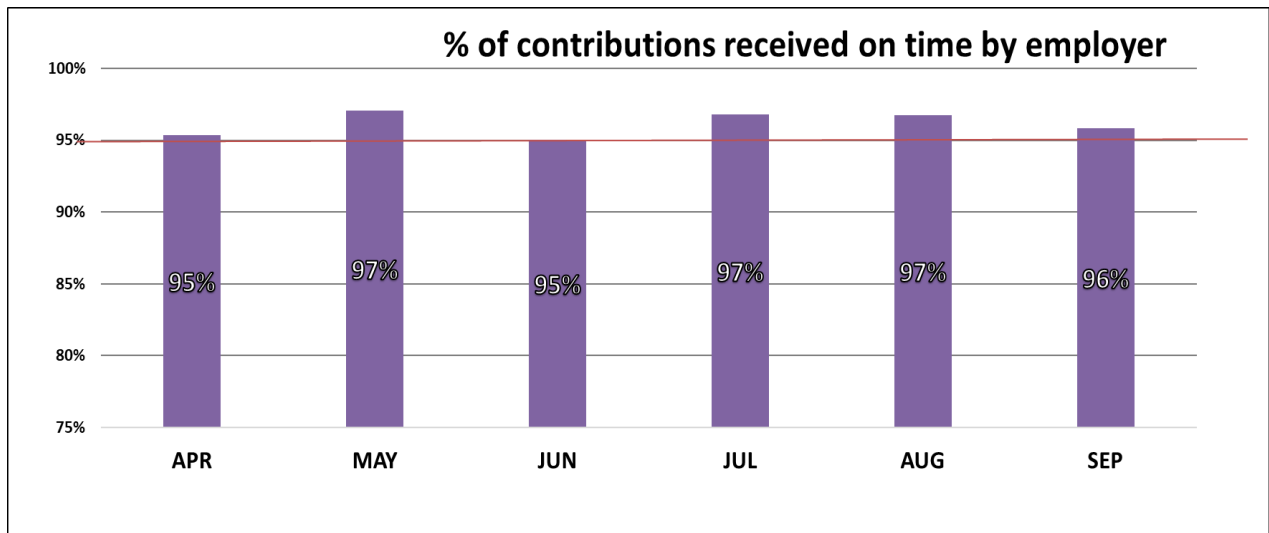
July	13,893,535	9,661,203	200,076	23,754,814
August	21,594,033	1,868,263	50,122	23,512,418
September	13,797,417	8,615,670	87,925	22,501,012
<b>Total</b>	<b>91,410,031</b>	<b>47,973,186</b>	<b>2,476,698</b>	<b>141,859,915</b>

3.4 The following table shows employers from whom the Fund receives monthly contributions by Employer Group.



3.5 The Key Performance Indicator (KPI) of 95% for % of contributions and employers was met every month April to September 2022.





#### 4. **Kent Institute of Art and Design (KIAD)**

- 4.1 KIAD, a scheduled employer in the Kent Fund, amalgamated with Surrey Institute of Art and Design (SIAD) following the KIAD Higher Education Corporation (Dissolution) Order 2005. Some 216 active members transferred on 1 April 2006.
- 4.2 In 2007 the Committee agreed that all KIAD's active members in the Kent Fund should be transferred to the Surrey Pension Fund and that all pensioners including survivor pensioners, and deferred members should remain in the Kent Fund.
- 4.3 There are 216 active members involved in this matter.
- 4.4 The amalgamation of 2 colleges who are members of different LGPS funds is unusual and the conclusion of this matter has been delayed however legal advice received by officers has been to proceed with the bulk transfer as originally agreed, updated to a current value.
- 4.5 It is not unusual for bulk transfers to take some time to complete but this is one of the longer running ones. There have been a number of factors over the years contributing to the passage of time, such as agreement of member data, dialogue with the actuary for Surrey and Barnett Waddingham. Also, there are historical administrative backlogs in the Kent Fund which have previously been discussed by Committee, which included the KIAD project.
- 4.6 The terms of the bulk transfer for the active members were agreed between the Kent Fund's actuary Barnett Waddingham and Hymans Robertson, the actuary for the Surrey Fund.
- 4.7 A bulk transfer payment of £11.3m was made from the Kent Fund to the Surrey Fund on 15 March 2022. Whilst there has been a change of administering authority for the active members, there is no financial impact on them or the deferred, pensioner and survivor pensioner members as their benefits are set out in the LGPS.



## 5. **Sevenoaks Leisure Ltd (SLL)**

- 5.1 SLL, a community admission body which joined the Kent Fund on 1 February 2004 had seen their business seriously impacted by the effects of COVID-19 and as a result had not paid employer and employee contributions to the Fund since April 2020. This matter was reported to the Pensions Regulator in July 2020.
- 5.2 At their meeting on 1 December 2021 the Committee agreed to the Fund entering into a 6-year monthly instalment plan for the payment of outstanding contributions amounting to some £350,000 relating to 2020 – 2022. The agreement was legally completed on 25 April 2022.
- 5.3 SLL has subsequently paid all employee contributions outstanding from 2020 to 2022 and monthly amounts in line with the agreed instalment plan. SLL has also paid monthly employee and employer contributions to the Fund on time.
- 5.4 There is no impact on the company's active, deferred, pensioner and survivor pensioner members whose benefits are set out in the LGPS regulations.
- 5.5 Officers continue to monitor payments by SLL and will provide an update at future meetings of the Committee and the Pension Board as necessary.

## 6. **Deep Beat Entertainment Ltd (re Strood Sports Centre and Medway Park Regional Centre)**

- 6.1 Deep Beat Entertainment Ltd is an admission body who joined the Fund on 14 January 2019 re Strood Sports Centre and on 1 February 2019 re Medway Park Regional Centre, following a transfer of 6 employees from Medway Council who is scheme employer party to both admission agreements.
- 6.2 Deep Beat Entertainment Ltd operated coffee and snack bar facilities which were affected by COVID as both leisure centres were shut for many months. Deep Beat Entertainment Ltd has repeatedly failed to provide sufficient member information and some employee and employer contributions remain outstanding.
- 6.3 The Fund reported this matter to the Pensions Regulator on 10 March 2020 and highlighted the issue to Medway Council. Despite extensive attempts by officers, the outstanding issues remained unresolved, and this matter was reported again to tPR on 19 April 2021.
- 6.4 Both commercial contracts ended on 18 May 2021, although some of the employees left Deep Beat Entertainment Ltd prior to this date. Although the commercial contract has ended, a cessation cannot be progressed until the Fund has received all of the outstanding data referenced in paragraph 6.2. above.
- 6.5 Deep Beat Entertainment Ltd appointed a solicitor to act on their behalf and direct contact with the employer has now been re-established so training can

be given, and all queries completed. Officers view this as a positive development and are focused on completing the cessation. Once all issues are resolved cessations reports will be commissioned from Barnett Waddingham and a further update will be given to the Committee and Board.

## **7. Funding Strategy Statement (FSS) and Associated Fund Policies**

7.1 At their meeting on 8 September 2021 the Committee agreed the revised FSS and associated policies in light of the results of the consultation with employers, run over a 6-week period through July and August 2021 and advice from Barnett Waddingham.

7.2 Members also agreed to accept alternative forms of security provided by admission bodies irrespective of the tax raising powers of the letting authority subject to the following:

- i) a satisfactory assessment of the financial strength of the letting authority;
- ii) that the detail of any pass-through agreement and / or guarantee is captured in the associated admission agreement to accept alternative forms of security provided by admission bodies irrespective of the tax raising powers of the letting authority subject to a satisfactory assessment of the financial strength of the letting authority and that the detail of any pass-through agreement and / or guarantee is captured in the associated admission agreement.

7.3 A copy of the FSS has been published to the Fund's website at: [Funding strategy statement - Kent Pension Fund](#).

7.4 The FSS will be updated as part of the 31 March 2022 valuation cycle and is scheduled for review by the Committee at its upcoming meeting on 8 December 2022.

## **8. Employers With 5 or Less Active LGPS Members**

8.1 At their meeting on 22 June 2022 the Committee received an update on the small employers in the Fund following on from concerns raised at their meeting in March 2022.

8.2 Officers reported that there are approximately 65 employers in the Fund with less than 5 active LGPS members, including some parish and town councils and admission bodies.

8.3 Members were advised that since the 2016 triennial valuation report the actuary has provided them with indicative cessation figures (i.e., likely exit surpluses/deficits) with the valuation results to employers with 5 or less active LGPS members. The purpose of this information has been to highlight potential issues to employers and demonstrate that assumptions used by the actuary to calculate cessation figures differ from the ongoing assumptions

used to set employer contribution rates. Employers are also expected to take their own advice.

- 8.4 Officers confirmed that cessation figures will again be provided to the small employers with their March 2022 valuation results and that they will liaise with the actuary and follow up with employers to identify any issues to mitigate any potential impact when they leave the fund.
- 8.5 It is intended that a further update will be provided to the Committee and Board as part of the 31 March 2022 triennial valuation results.

## 9. **Academy Guarantee**

- 9.1 In 2013, the Department for Education introduced the academy guarantee. The guarantee provides that, in the event of an academy closing, any outstanding liabilities will not revert to the LGPS fund.
- 9.2 After a reassessment, The Secretary of State for Education confirmed on 21 July 2022 in a [written ministerial statement](#) that it will continue to provide the academy guarantee. The annual ceiling will also increase from its current level of £14million to £20 million. There were 139 active academy trusts in the Kent Pension Fund at the end of June 2022.
- 9.3 Although there is no end date to the guarantee, the Government is committed to regularly reassessing it to determine whether it remains affordable and is fully recognised by administering authorities.
- 9.4 LGPC bulletin 227 at: <https://www.lgpsregs.org/bulletinsetc/bulletins.php> and previously circulated to members, includes information on the guarantee as well as updates on other LGPS matters.

## 10. **Employer Admission Matters**

- 10.1 At their meetings on 1 December 2021, 30 March 2022, 22 June 2022 and 28 September 2022 the Committee agreed to:
- a) the admission to the Kent County Council Pension Fund of Birkin Cleaning Services Ltd (re Maritime Academy);
  - b) the admission to the Kent County Council Pension Fund of Dolce Ltd (re The Academy of Woodlands);
  - c) the admission to the Kent County Council Pension Fund of Town & Country Cleaners Ltd (re Maritime Academy);
  - d) the admission to the Kent County Council Pension Fund of Purgo Supply Services Ltd (re Leigh Academy Trust);
  - e) the admission to the Kent County Council Pension Fund of Seeclear Facilities UK Ltd (re Future Schools Trust);

- f) the admission to the Kent County Council Pension Fund of Sports and Leisure Management Ltd (re Sevenoaks Leisure Ltd);
- g) the admission to the Kent County Council Pension Fund of Town and Country Cleaners Ltd (re Stour Academy Trust);
- h) to the admission to the Kent County Council Pension Fund of The PCS Group Ltd (re Primary First Trust);
- i) to the admission to the Kent County Council Pension Fund of Apleona UK Ltd (re Education for the 21<sup>st</sup> Century Academy Trust);
- j) to the admission to the Kent County Council Pension Fund of Cater Link Ltd (Sir Roger Manwood's School).

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**08 November 2022**

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